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FINANCE DEPARTMENT

NOTIFICATION

The 16th January, 2016

S.R.O. No.52/2016—In exercise of the powers conferred by sub-section (3) of Section 11 of the Odisha Value Added Tax Act, 2004 (Odisha Act, 4 of 2005), the State Government, do hereby provide a scheme of composition for a dealer who is liable to pay tax on the sales effected byway of transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract and direct that he may, in lieu of amount of tax payable by him under clause (a) of Section 9 of this Act, pay byway of composition as specified below:—

Category (1)	Nature of Works Contract (2)	Composition tax rate (As percentage of entire turn over in relation to works contract in Odisha)	
		Under the Condition of Scheme-A (3)	Under the Condition of Scheme-B (4)
1	Every registered dealer engaged in execution of works contracts of the following categories and incidental or ancillary activities in connection with or thereto: (1) Civil Contracts, such as, (a) Civil construction, improvement, modification, repair and maintenance, electrification, sanitary fittings, flooring, plastering, finishing, white washing, painting, polishing, interior decoration, etc. of any immovable property, including a building or a complex - residential or commercial. (b) Water works and Sewerage works,	3%	6%

1	<p>including treatment plants, whether meant for individual houses/buildings/complexes or for the general public.</p> <p>(c) Fabrication & fixing of shutters, doors, gates, windows, grills, furniture, fixtures, fitting outs and other similar contracts.</p> <p>(d) Procurement, erection, fabrication, installation commissioning of any plant, machinery, equipment, transformers, lifts, elevators, escalators, weighing machines, air conditioners, air coolers, fire-fighting systems, audio-visual systems, security systems, computer systems, EPABX/telecommunication system and other similar contracts.</p> <p>(e) Construction and maintenance of Civil works, such as—</p> <p>(i) Green houses and other similar structures.</p> <p>(ii) Swimming pools.</p> <p>(iii) Bridges, flyovers, dams, barriers, diversions, or other similar structures.</p> <p>(iv) Canal, spillways or other similar activities.</p> <p>(v) Roads, causeways, subways, or other similar contracts.</p> <p>(vi) Rail, railway over bridges or other similar activities.</p> <p>(f) Any other contract for civil construction and maintenance as may be specified by the Commissioner.</p> <p>(2) Repair & maintenance of any moveable Property, including vehicles, annual maintenance contracts (AMCs) and other similar contracts.</p> <p>(3) All other types of works contracts, including those involving moveable goods, not specified elsewhere in this notification.</p>	3%	6%
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2.	Every registered dealer engaged in,— (i) Printing and/or book-binding. (ii) Textile processing such as dying, fabrication, tailoring, embroidery and other similar activities. (iii) Electro plating, electro galvanizing, anodizing, powder coating and other similar activities. (iv) Re-treading of old tyres	2%	4%
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Particular Conditions:

Scheme A:

A registered dealer who opt to pay composition tax under this Scheme shall,—

- (i) not purchase or procure goods from any place outside Odisha at any time during the period for which he opts to avail this Scheme; and
- (ii) not sell or supply goods to any place outside Odisha at any time during the period for which he opts to avail this Scheme.

However, he may procure his own Plant & Machinery and Equipments from outside Odisha, meant exclusively for use in execution of the works contract by him or byway of inward transfer of stocks from other States or by way of imports.

Scheme B:

A registered dealer opting to pay composition tax under this Scheme shall be entitled to make purchases of goods required for the execution of the contract under this Scheme in the course of inter-State trade or commerce on the strength of his certificate of registration or byway of inward transfer of stocks from other States or byway of imports from other countries solely for the purposes of utilizing the same in the execution of works contract in Odisha only:

Provided the dealer shall use the material or goods imported or procured from outside Odisha strictly for use in execution of the works contract.

General Conditions:—

- (1) The dealer opting for composition under this notification shall,—
 - (i) not claim any input tax credit under the Act;
 - (ii) not claim any deduction provided under sub-section(2) of Section 11 of the Act;
 - (iii) not issue any 'Tax Invoices'; and
 - (iv) maintain accounts and records as required under section 61 of the Act.

(2) The dealer who opt for payment of tax byway of composition shall make an application electronically in Form C-1 together with the details of work(s).

(3) An option once exercised shall remain binding on the dealer until he opts to go out of the Scheme by exercising option in Form C-2.

(4) Upon receipt of an application, the assessing authority may, grant permission to the dealer for payment of tax byway of composition from such date in Form C-1.

(5) Every dealer registered under the Act and opting for composition under this scheme shall furnish return for each tax period in Form C-5 within twenty-one days from the date of expiry of such tax period to the Deputy or Assistant Commissioner or Sales Tax Officer of the Circle or assessment unit, as the case may be, where, the place of business or the principal place of business is located, failing which he shall be proceeded against and the provisions contained in Section 34 of the Act shall *mutatis* and *mutandis* apply.

(6) The tax payable by a dealer, who has been granted permission for payment of tax by way of composition, shall be deducted at source in accordance with the provisions of rule -58.

(7) The dealer opting for payment of tax byway of composition under this scheme, shall furnish to the assessing authority, the name and address of the deducting authority in respect of the works being executed by him in Form C-4 and such deducting authority shall be intimated by the assessing authority in Form C-3 to deduct tax at source at such rate and on such percentage of the gross value of the works, as specified in the table above.

**NOTICE TO THE DEDUCTING AUTHORITY FOR DEDUCTION OF TAX AT
SOURCE IN RESPECT WORKS-CONTRACTORS EXERCISING OPTION
FOR PAYMENT OF TAX BY WAY OF COMPOSITION IN LIEU OF VAT**

1. OFFICE ADDRESS

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2. TIN

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3. Name and address of the deducting authority :

4. Please note that _____, proprietor/partner/director/Principal Officer of
M/s. _____ at _____ P.O. _____ bearing
TIN

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 is exercised option for payment of tax by way of
composition.

5. The composition money payable is determined at ----- per centum of the gross value of work,
which is being executed by him/them received or receivable, in terms of notification issued by
the Government under Section 11(3) and this composition money is required to be deducted at
source .

6. You are, therefore, requested to deduct such composition money from the bills/invoice
preferred against the execution of the following work in respect of which, you are the
deducting authority, at source.

- 1.
- 2.
- 3.

7. The amount of composition money deducted may be credited to Government Treasury or paid
by crossed demand draft in favour of the STO/ACST/DCST, _____ Circle,
drawn on any scheduled bank send along with the certificate of tax deducted at source, in the
prescribed form, to the concerned Sales Tax Officer.

8. Please note that these instructions shall be complied with immediate effect

Place. _____

STO/ACST/DCST

Date. _____

_____ Circle.

Copy to the dealer M/s. _____ at _____ P.O.
_____ Dist _____ for information.

Place.

STO/ACST/DCST

Date.

_____ Circle.

INTIMATION OF THE NAME AND ADDRESS OF THE DEDUCTING AUTHORITIES

1. I am executing the following works contracts during the year _____, covered under permission for payment of tax byway of composition in lieu of VAT.
2. I am furnishing below the name and address of the deducting authorities, from whom I am receiving payments against execution of the works .

Sl.No.	Name of the work and its location	Value of the work	Name and address of the deducting authority	Remarks
(1)	(2)	(3)	(4)	(5)
1				
2				
3				
4				
5				

(Use separate sheet if the space provided is inadequate)

3. I further undertake to intimate any change in the information furnished above, immediately on occurrence of the change.

Place _____

Date _____

This notification shall come into force with effect from the 1st October, 2015.

[No. 1457–FIN-CT1-TAX-0035/2015/FIN]

By Order of the Governor

S. ROUT

Deputy Secretary to Government